

VALUE - ADDED
COMMUNICATIONS

January 11, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

1901 S. Meyers Road, Suite 530

Oakbrook Terrace, Illinois 60181

Telephone: 708-628-6606

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Federal Communications Commission
Office of the Secretary
1919 M Street N W
Washington, DC 20554

In Re: FCC Docket No. 92-77 / Phase I
(Petition for Reconsideration)

Dear Sir or Madam:

Enclosed please find the original plus eleven copies of Value-Added Communications' Petition for Reconsideration in the above-referenced matter. A copy has been served upon all known parties of record.

Please feel free to contact the undersigned in connection with this filing.

Sincerely,



John C. Fudesco
Attorney for Value-Added Communications

Law Office of John C. Fudesco
5701 North 25th Street
Arlington, VA 22207
703-237-5454

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:)
) CC Docket No. 92-77
BILLED PARTY PREFERENCE)
FOR 0+ INTERLATA CALLS)

PETITION FOR RECONSIDERATION
OF VALUE-ADDED COMMUNICATIONS, INC.

COMES NOW Value-Added Communications, by and through its undersigned Counsel, and pursuant to Section 1.429 of the Commission's Rules respectfully files this Petition for Reconsideration of the Commission's Report and Order, FCC-92-465, released November 6, 1992 (the "Order").

Value-Added Communications, Inc. ("VAC") participated in all aspects of this administrative proceeding and intends to intervene in Capitol Network Systems, Inc. v. Federal Communications Commission and the United States of America, Case No. 92-1627, the pending Court of Appeals challenge. On reconsideration, VAC challenges that portion of the Commission's Order which declined to adopt the proposal for making 0+ calling cards a "public domain" resource. The Commission should require that validation and billing information for all calling cards, in any format, which are accepted by the issuing carrier for 0+ calling be made available to all OSPs.

It is VAC's position that the issuance of AT&T's "proprietary" CIID card represents a blatant and, in large part, successful attempt to re-monopolize the industry. Certain LECs and AT&T have benefited from a 0+ monopoly built upon discriminatory and unlawful calling card validation practices. The Commission's Order sanctioning such practices forecloses competition from other OSPs in derogation of past Commission precedent and the public interest.

The overwhelming evidence in this and related cases records establishes that AT&T's CIID cards are in fact converted RAO cards. The Commission has already found that such cards are LEC joint use cards subject to the non-discrimination provisions of Title II of the Communications Act. See Cincinnati Bell Telephone Co., 6 FCC RCD 3501, (1991). It is hard to reconcile the assailed Order with the Commission's prior finding that its decision on "joint use" LEC cards "applies equally to validation data for RAO or line-based cards that have been reclassified as CIID cards" and "irrespective of the conversion of any of these account numbers to the CIID format or any other numbering scheme". Id at 24, 26.

When AT&T converted RAO cards to the CIID card format it simply changed the form, and not the substance, of the previous shared card and account relationships between certain BOCs and AT&T. That being the case, AT&T must make CIID card validation information available to any carrier choosing to accept CIID cards to satisfy the Title II requirements. In the same fashion that the Commission eliminated LEC card discrimination in favor of AT&T in the Cincinnati Bell Order, it should act to eliminate AT&T card discrimination in favor of the LECs.

The present sharing arrangements for intraLATA CIID card validation information are not only unlawfully discriminatory under Title II, but represent the shared 0+ monopoly that divestiture supposedly remedied. It is hoped that the Justice Department will be unable to support the Commission's Order in the above-mentioned Appeal if Commission Reconsideration does not protect the public interest.

The Commission has also held that validation and associated functions are Title II services -- not billing and collection services. See Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, CC Docket No. 91-115, FCC 92-168, at 18-26, (released May, 6, 1992). As VAC and others stated in their Comments and Replies, AT&T CIID cards should be subject to a validation sharing requirement not because they are "LEC joint use" cards, but because AT&T's Title II status as a dominant carrier makes it unlawful for AT&T to provide validation functions for intraLATA usage of its cards to some but not all competing OSPs. Just like the LECs, other OSPs, utilizing AT&T's rates, should be able to process these calls.

VAC believes the Commission is too sensitive to AT&T's allegedly stranded calling card investment. While the Commission admonished AT&T for deceptive and misleading advertisement, it has done little to remedy the problem. In a companion proceeding, the Commission is struggling to provide a compensation method for transferred CIID card calls. While VAC's automated technology allows the transparent transfer of such calls, CIID card validation would reduce confusion for all consumers by permitting 0+ dialing for calls carried and billed by the

presubscribed carrier, or access dialing (800/950/10XXX) for calls carried and billed by a specific carrier.

The real "stranded" investment is in competition. The OSPs and their aggregator customers, such as hotels, have substantial investments in communications systems that are being bypassed. A variety of price and service options is undoubtedly in the public interest. On reconsideration, the Commission should adopt the proposal for making 0+ calling cards a "public domain" resource by requiring that validation and billing information for all calling cards, in any format, which are accepted by the issuing carrier be made available to all OSPs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John C. Fudesco", with a long horizontal flourish extending to the right.

John C. Fudesco
5701 N. 25th Street
Arlington, VA 22207
703-237-5454

Attorney for
Value-Added Communications, Inc.

Dated: January 11, 1993